

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

## HOUSE ENROLLED ACT No. 1005

AN ACT to amend the Indiana Code concerning state and local administration.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 6-1.1-5.5-3, AS AMENDED BY P.L.1-2004, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) Before filing a conveyance document with the county auditor under IC 6-1.1-5-4, all the parties to the conveyance must complete and sign a sales disclosure form as prescribed by the department of local government finance under section 5 of this chapter. All the parties may sign one (1) form, or if all the parties do not agree on the information to be included on the completed form, each party may sign and file a separate form.

(b) Except as provided in subsection (c), the auditor shall forward each sales disclosure form to the county assessor. The county assessor shall retain the forms for five (5) years. The county assessor shall forward the sales disclosure form data to the department of local government finance and the legislative services agency:

- (1) before January 1, 2005, in an electronic format, if possible; and
- (2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The county assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the

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county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in IC 6-1.1-4-13.6, sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

(c) In a county containing a consolidated city, the auditor shall forward the sales disclosure form to the appropriate township assessor. The township assessor shall forward the sales disclosure form to the department of local government finance and the legislative services agency:

- (1) before January 1, 2005, in an electronic format, if possible; and
- (2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

~~The township assessor shall forward a copy of the sales disclosure forms to the township assessors in the county.~~ The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in IC 6-1.1-4-13.6, sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

**(d) If a sales disclosure form includes the telephone number or Social Security number of a party, the telephone number or Social Security number is confidential.**

SECTION 2. IC 6-1.1-5.5-5, AS AMENDED BY P.L.90-2002, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. The department of local government finance shall prescribe a sales disclosure form for use under this chapter. The form prescribed by the department of local government finance must include at least the following information:

- (1) The key number of the parcel (as defined in IC 6-1.1-1-8.5).
- (2) Whether the entire parcel is being conveyed.
- (3) The address of the property.
- (4) The date of the execution of the form.
- (5) The date the property was transferred.
- (6) Whether the transfer includes an interest in land or improvements, or both.
- (7) Whether the transfer includes personal property.
- (8) An estimate of any personal property included in the transfer.
- (9) The name and address of each transferor and transferee.

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- (10) The mailing address to which the property tax bills or other official correspondence should be sent.
- (11) The ownership interest transferred.
- (12) The classification of the property (as residential, commercial, industrial, agricultural, vacant land, or other).
- (13) The total price actually paid or required to be paid in exchange for the conveyance, whether in terms of money, property, a service, an agreement, or other consideration, but excluding tax payments and payments for legal and other services that are incidental to the conveyance.
- (14) The terms of seller provided financing, such as interest rate, points, type of loan, amount of loan, and amortization period, and whether the borrower is personally liable for repayment of the loan.
- (15) Any family or business relationship existing between the transferor and the transferee.
- (16) Other information as required by the department of local government finance to carry out this chapter.

**If a form under this section includes the telephone number or the Social Security number of a party, the telephone number or the Social Security number is confidential.**

SECTION 3. IC 6-1.1-12-43 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 43. (a) For purposes of this section:**

- (1) "benefit" refers to:
  - (A) a deduction under section 1, 9, 11, 13, 14, 16, 17.4, 26, 29, 31, 33, or 34 of this chapter; or
  - (B) the homestead credit under IC 6-1.1-20.9-2;
- (2) "closing agent" means a person that closes a transaction;
- (3) "customer" means an individual who obtains a loan in a transaction; and
- (4) "transaction" means a single family residential:
  - (A) first lien purchase money mortgage transaction; or
  - (B) refinancing transaction.

(b) Before closing a transaction after December 31, 2004, a closing agent must provide to the customer the form referred to in subsection (c).

(c) Before June 1, 2004, the department of local government finance shall prescribe the form to be provided by closing agents to customers under subsection (b). The department shall make the form available to closing agents, county assessors, county auditors,

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and county treasurers in hard copy and electronic form. County assessors, county auditors, and county treasurers shall make the form available to the general public. The form must:

- (1) on one (1) side:
  - (A) list each benefit;
  - (B) list the eligibility criteria for each benefit; and
  - (C) indicate that a new application for a deduction under section 1 of this chapter is required when residential real property is refinanced;
- (2) on the other side indicate:
  - (A) each action by; and
  - (B) each type of documentation from;  
the customer required to file for each benefit; and
  - (3) be printed in one (1) of two (2) or more colors prescribed by the department of local government finance that distinguish the form from other documents typically used in a closing referred to in subsection (b).

- (d) A closing agent:
  - (1) may reproduce the form referred to in subsection (c);
  - (2) in reproducing the form, must use a print color prescribed by the department of local government finance; and
  - (3) is not responsible for the content of the form referred to in subsection (c) and shall be held harmless by the department of local government finance from any liability for the content of the form.

(e) A closing agent to which this section applies shall document its compliance with this section with respect to each transaction in the form of verification of compliance signed by the customer.

(f) A closing agent is subject to a civil penalty of twenty-five dollars (\$25) for each instance in which the closing agent fails to comply with this section with respect to a customer. The penalty:

- (1) may be enforced by the state agency that has administrative jurisdiction over the closing agent in the same manner that the agency enforces the payment of fees or other penalties payable to the agency; and
- (2) shall be paid into the property tax replacement fund.

A closing agent is not liable for any other damages claimed by a customer because of the closing agent's mere failure to provide the appropriate document to the customer.

(g) The state agency that has administrative jurisdiction over a closing agent shall:

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**(1) examine the closing agent to determine compliance with this section; and**

**(2) impose and collect penalties under subsection (f).**

SECTION 4. IC 6-1.1-12.1-1, AS AMENDED BY P.L.4-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. For purposes of this chapter:

(1) "Economic revitalization area" means an area which is within the corporate limits of a city, town, or county which has become undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. The term "economic revitalization area" also includes:

(A) any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues; and

(B) a residentially distressed area, except as otherwise provided in this chapter.

(2) "City" means any city in this state, and "town" means any town incorporated under IC 36-5-1.

(3) "New manufacturing equipment" means any tangible personal property which:

(A) was installed after February 28, 1983, and before January 1, 2006, in an area that is declared an economic revitalization area after February 28, 1983, in which a deduction for tangible personal property is allowed;

(B) is used in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including but not limited to use to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(C) was acquired by its owner for use as described in clause (B) and was never before used by its owner for any purpose in Indiana.

However, notwithstanding any other law, the term includes tangible personal property that is used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste

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into energy or other useful products and was installed after March 1, 1993, and before March 2, 1996, even if the property was installed before the area where the property is located was designated as an economic revitalization area or the statement of benefits for the property was approved by the designating body.

(4) "Property" means a building or structure, but does not include land.

(5) "Redevelopment" means the construction of new structures in economic revitalization areas, either:

(A) on unimproved real estate; or

(B) on real estate upon which a prior existing structure is demolished to allow for a new construction.

(6) "Rehabilitation" means the remodeling, repair, or betterment of property in any manner or any enlargement or extension of property.

(7) "Designating body" means the following:

(A) For a county that does not contain a consolidated city, the fiscal body of the county, city, or town.

(B) For a county containing a consolidated city, the metropolitan development commission.

(8) "Deduction application" means either:

(A) the application filed in accordance with section 5 of this chapter by a property owner who desires to obtain the deduction provided by section 3 of this chapter; or

(B) the application filed in accordance with section 5.5 of this chapter by a person who desires to obtain the deduction provided by section 4.5 of this chapter.

(9) "Designation application" means an application that is filed with a designating body to assist that body in making a determination about whether a particular area should be designated as an economic revitalization area.

(10) "Hazardous waste" has the meaning set forth in IC 13-11-2-99(a). The term includes waste determined to be a hazardous waste under IC 13-22-2-3(b).

(11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a). However, the term does not include dead animals or any animal solid or semisolid wastes.

(12) "New research and development equipment" means tangible personal property that:

(A) is installed after June 30, 2000, and before January 1, 2006, in an economic revitalization area in which a deduction

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for tangible personal property is allowed;

(B) consists of:

- (i) laboratory equipment;
- (ii) research and development equipment;
- (iii) computers and computer software;
- (iv) telecommunications equipment; or
- (v) testing equipment;

(C) is used in research and development activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products; and

(D) is acquired by the property owner for purposes described in this subdivision and was never before used by the owner for any purpose in Indiana.

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

**(13) "New logistical distribution equipment" means tangible personal property that:**

**(A) is installed after June 30, 2004, and before January 1, 2006, in an economic revitalization area:**

- (i) in which a deduction for tangible personal property is allowed; and**
- (ii) located in a county referred to in section 2.3 of this chapter, subject to section 2.3(c) of this chapter.**

**(B) consists of:**

- (i) racking equipment;**
- (ii) scanning or coding equipment;**
- (iii) separators;**
- (iv) conveyors;**
- (v) fork lifts or lifting equipment (including "walk behinds");**
- (vi) transitional moving equipment;**
- (vii) packaging equipment;**
- (viii) sorting and picking equipment; or**
- (ix) software for technology used in logistical distribution;**

**(C) is used for the storage or distribution of goods, services, or information; and**

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**(D) before being used as described in clause (C), was never used by its owner for any purpose in Indiana.**

**(14) "New information technology equipment" means tangible personal property that:**

**(A) is installed after June 30, 2004, and before January 1, 2006, in an economic revitalization area:**

- (i) in which a deduction for tangible personal property is allowed; and**
- (ii) located in a county referred to in section 2.3 of this chapter, subject to section 2.3(c) of this chapter.**

**(B) consists of equipment, including software, used in the fields of:**

- (i) information processing;**
- (ii) office automation;**
- (iii) telecommunication facilities and networks;**
- (iv) informatics;**
- (v) network administration;**
- (vi) software development; and**
- (vii) fiber optics; and**

**(C) before being installed as described in clause (A), was never used by its owner for any purpose in Indiana.**

SECTION 5. IC 6-1.1-12.1-2, AS AMENDED BY P.L.4-2000, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) A designating body may find that a particular area within its jurisdiction is an economic revitalization area. However, the deduction provided by this chapter for economic revitalization areas not within a city or town shall not be available to retail businesses.

(b) In a county containing a consolidated city or within a city or town, a designating body may find that a particular area within its jurisdiction is a residentially distressed area. Designation of an area as a residentially distressed area has the same effect as designating an area as an economic revitalization area, except that the amount of the deduction shall be calculated as specified in section 4.1 of this chapter and the deduction is allowed for not more than five (5) years. In order to declare a particular area a residentially distressed area, the designating body must follow the same procedure that is required to designate an area as an economic revitalization area and must make all the following additional findings or all the additional findings described in subsection (c):

- (1) The area is comprised of parcels that are either unimproved or

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contain only one (1) or two (2) family dwellings or multifamily dwellings designed for up to four (4) families, including accessory buildings for those dwellings.

(2) Any dwellings in the area are not permanently occupied and are:

- (A) the subject of an order issued under IC 36-7-9; or
- (B) evidencing significant building deficiencies.

(3) Parcels of property in the area:

- (A) have been sold and not redeemed under IC 6-1.1-24 and IC 6-1.1-25; or
- (B) are owned by a unit of local government.

However, in a city in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000), the designating body is only required to make one (1) of the additional findings described in this subsection or one (1) of the additional findings described in subsection (c).

(c) In a county containing a consolidated city or within a city or town, a designating body that wishes to designate a particular area a residentially distressed area may make the following additional findings as an alternative to the additional findings described in subsection (b):

- (1) A significant number of dwelling units within the area are not permanently occupied or a significant number of parcels in the area are vacant land.
- (2) A significant number of dwelling units within the area are:
  - (A) the subject of an order issued under IC 36-7-9; or
  - (B) evidencing significant building deficiencies.
- (3) The area has experienced a net loss in the number of dwelling units, as documented by census information, local building and demolition permits, or certificates of occupancy, or the area is owned by Indiana or the United States.
- (4) The area (plus any areas previously designated under this subsection) will not exceed ten percent (10%) of the total area within the designating body's jurisdiction.

However, in a city in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000), the designating body is only required to make one (1) of the additional findings described in this subsection as an alternative to one (1) of the additional findings described in subsection (b).

(d) A designating body is required to attach the following conditions to the grant of a residentially distressed area designation:

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(1) The deduction will not be allowed unless the dwelling is rehabilitated to meet local code standards for habitability.

(2) If a designation application is filed, the designating body may require that the redevelopment or rehabilitation be completed within a reasonable period of time.

(e) To make a designation described in subsection (a) or (b), the designating body shall use procedures prescribed in section 2.5 of this chapter.

(f) The property tax deductions provided by sections 3 and 4.5 of this chapter are only available within an area which the designating body finds to be an economic revitalization area.

(g) The designating body may adopt a resolution establishing general standards to be used, along with the requirements set forth in the definition of economic revitalization area, by the designating body in finding an area to be an economic revitalization area. The standards must have a reasonable relationship to the development objectives of the area in which the designating body has jurisdiction. The following three (3) sets of standards may be established:

(1) One (1) relative to the deduction under section 3 of this chapter for economic revitalization areas that are not residentially distressed areas.

(2) One (1) relative to the deduction under section 3 of this chapter for residentially distressed areas.

(3) One (1) relative to the deduction allowed under section 4.5 of this chapter.

(h) A designating body may impose a fee for filing a designation application for a person requesting the designation of a particular area as an economic revitalization area. The fee may be sufficient to defray actual processing and administrative costs. However, the fee charged for filing a designation application for a parcel that contains one (1) or more owner-occupied, single-family dwellings may not exceed the cost of publishing the required notice.

(i) In declaring an area an economic revitalization area, the designating body may:

(1) limit the time period to a certain number of calendar years during which the area shall be so designated;

(2) limit the type of deductions that will be allowed within the economic revitalization area to either the deduction allowed under section 3 of this chapter or the deduction allowed under section 4.5 of this chapter;

(3) limit the dollar amount of the deduction that will be allowed

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with respect to new manufacturing equipment, ~~and~~ new research and development equipment, **new logistical distribution equipment, and new information technology equipment** if a deduction under this chapter had not been filed before July 1, 1987, for that equipment;

(4) limit the dollar amount of the deduction that will be allowed with respect to redevelopment and rehabilitation occurring in areas that are designated as economic revitalization areas on or after September 1, 1988; or

(5) impose reasonable conditions related to the purpose of this chapter or to the general standards adopted under subsection (g) for allowing the deduction for the redevelopment or rehabilitation of the property or the installation of the new manufacturing equipment, ~~or new research and development equipment, or both;~~ **new logistical distribution equipment, or new information technology equipment.**

To exercise one (1) or more of these powers a designating body must include this fact in the resolution passed under section 2.5 of this chapter.

(j) Notwithstanding any other provision of this chapter, if a designating body limits the time period during which an area is an economic revitalization area, that limitation does not:

(1) prevent a taxpayer from obtaining a deduction for new manufacturing equipment, ~~or new research and development equipment, or both;~~ **new logistical distribution equipment, or new information technology equipment** installed before January 1, 2006, but after the expiration of the economic revitalization area if:

(A) the economic revitalization area designation expires after December 30, 1995; and

(B) the new manufacturing equipment, ~~or new research and development equipment, or both;~~ **new logistical distribution equipment, or new information technology equipment** was described in a statement of benefits submitted to and approved by the designating body in accordance with section 4.5 of this chapter before the expiration of the economic revitalization area designation; or

(2) limit the length of time a taxpayer is entitled to receive a deduction to a number of years that is less than the number of years designated under section 4 or 4.5 of this chapter.

(k) Notwithstanding any other provision of this chapter, deductions:

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(1) that are authorized under section 3 of this chapter for property in an area designated as an urban development area before March 1, 1983, and that are based on an increase in assessed valuation resulting from redevelopment or rehabilitation that occurs before March 1, 1983; or

(2) that are authorized under section 4.5 of this chapter for new manufacturing equipment installed in an area designated as an urban development area before March 1, 1983;

apply according to the provisions of this chapter as they existed at the time that an application for the deduction was first made. No deduction that is based on the location of property or new manufacturing equipment in an urban development area is authorized under this chapter after February 28, 1983, unless the initial increase in assessed value resulting from the redevelopment or rehabilitation of the property or the installation of the new manufacturing equipment occurred before March 1, 1983.

(l) If property located in an economic revitalization area is also located in an allocation area (as defined in IC 36-7-14-39 or IC 36-7-15.1-26), an application for the property tax deduction provided by this chapter may not be approved unless the commission that designated the allocation area adopts a resolution approving the application.

SECTION 6. IC 6-1.1-12.1-2.3 IS ADDED AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 2.3. (a)**

**This section applies only to:**

**(1) a county in which mile markers fourteen (14) through one hundred twenty (120) of Interstate Highway 69 are located as of March 1, 2004; and**

**(2) a city or town located in a county referred to in subdivision (1).**

**(b) A designating body may adopt a resolution under section 2.5 of this chapter to authorize a deduction for new logistical distribution equipment or new information technology equipment.**

**(c) If any amendment to this chapter that takes effect July 1, 2004, applies a deduction under this chapter for new logistical distribution equipment or new information technology equipment to a broader geographic area than the deduction that would apply under a resolution adopted under this section, the more broadly applied deduction controls with respect to the application of the deduction for new logistical distribution equipment or new information technology equipment.**

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SECTION 7. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.1-2003, SECTION 22, AND AS AMENDED BY P.L.245-2003, SECTION 8, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4.5. (a) For purposes of this section, "personal property" means personal property other than inventory (as defined in IC 6-1.1-3-11(a)).

(b) An applicant must provide a statement of benefits to the designating body. The applicant must provide the completed statement of benefits form to the designating body before the hearing specified in section 2.5(c) of this chapter or before the installation of the new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~, **new logistical distribution equipment, or new information technology equipment** for which the person desires to claim a deduction under this chapter. The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

(1) A description of the new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~, **new logistical distribution equipment, or new information technology equipment** that the person proposes to acquire.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment, **new logistical distribution equipment, or new information technology equipment;**

an estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the installation of the new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~, **new logistical distribution equipment, or new information technology equipment** and an estimate of the annual salaries of these individuals.

(3) An estimate of the cost of the new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~, **new logistical distribution equipment, or new information technology equipment.**

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, an

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estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products by the new manufacturing equipment.

The statement of benefits may be incorporated in a designation application. Notwithstanding any other law, a statement of benefits is a public record that may be inspected and copied under IC 5-14-3-3.

(c) The designating body must review the statement of benefits required under subsection (b). The designating body shall determine whether an area should be designated an economic revitalization area or whether the deduction shall be allowed, based on (and after it has made) the following findings:

(1) Whether the estimate of the cost of the new manufacturing equipment, ~~or new research and development equipment, or both,~~ **new logistical distribution equipment, or new information technology equipment** is reasonable for equipment of that type.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment, **new logistical distribution equipment, or new information technology equipment;**

whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment, ~~or new research and development equipment, or both,~~ **new logistical distribution equipment, or new information technology equipment.**

(3) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed installation of new manufacturing equipment, ~~or new research and development equipment, or both,~~ **new logistical distribution equipment, or new information technology equipment.**

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether the estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products can be reasonably expected to result from the installation of the new manufacturing equipment.

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(5) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed installation of new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~ **new logistical distribution equipment, or new information technology equipment.**

(6) Whether the totality of benefits is sufficient to justify the deduction.

The designating body may not designate an area an economic revitalization area or approve the deduction unless it makes the findings required by this subsection in the affirmative.

(d) Except as provided in subsection (h), an owner of new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~ **new logistical distribution equipment, or new information technology equipment** whose statement of benefits is approved after June 30, 2000, is entitled to a deduction from the assessed value of that equipment for the number of years determined by the designating body under subsection (g). Except as provided in subsection (f) and in section 2(i)(3) of this chapter, the amount of the deduction that an owner is entitled to for a particular year equals the product of:

(1) the assessed value of the new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~ **new logistical distribution equipment, or new information technology equipment** in the year of deduction under the appropriate table set forth in subsection (e); multiplied by

(2) the percentage prescribed in the *appropriate* table set forth in subsection (e).

(e) The percentage to be used in calculating the deduction under subsection (d) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd and thereafter	0%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%
3rd and thereafter	0%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
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1st	100%
2nd	66%
3rd	33%
4th and thereafter	0%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%
5th and thereafter	0%

(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%
6th and thereafter	0%

(6) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	66%
4th	50%
5th	34%
6th	25%
7th and thereafter	0%

(7) For deductions allowed over a seven (7) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	71%
4th	57%
5th	43%
6th	29%
7th	14%
8th and thereafter	0%

(8) For deductions allowed over an eight (8) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%

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2nd	88%
3rd	75%
4th	63%
5th	50%
6th	38%
7th	25%
8th	13%
9th and thereafter	0%

(9) For deductions allowed over a nine (9) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	77%
4th	66%
5th	55%
6th	44%
7th	33%
8th	22%
9th	11%
10th and thereafter	0%

(10) For deductions allowed over a ten (10) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	90%
3rd	80%
4th	70%
5th	60%
6th	50%
7th	40%
8th	30%
9th	20%
10th	10%
11th and thereafter	0%

(f) With respect to new manufacturing equipment and new research and development equipment installed before March 2, 2001, the deduction under this section is the amount that causes the net assessed value of the property after the application of the deduction under this section to equal the net assessed value after the application of the deduction under this section that results from computing:

- (1) the deduction under this section as in effect on March 1, 2001;
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(2) the assessed value of the property under 50 IAC 4.2, as in effect on March 1, 2001, or, in the case of property subject to IC 6-1.1-8, 50 IAC 5.1, as in effect on March 1, 2001.

(g) For an economic revitalization area designated before July 1, 2000, the designating body shall determine whether a property owner whose statement of benefits is approved after April 30, 1991, is entitled to a deduction for five (5) or ten (10) years. For an economic revitalization area designated after June 30, 2000, the designating body shall determine the number of years the deduction is allowed. However, the deduction may not be allowed for more than ten (10) years. This determination shall be made:

- (1) as part of the resolution adopted under section 2.5 of this chapter; or
- (2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the county auditor. A certified copy of the resolution shall be sent to the county auditor.

A determination about the number of years the deduction is allowed that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

(h) The owner of new manufacturing equipment that is directly used to dispose of hazardous waste is not entitled to the deduction provided by this section for a particular assessment year if during that assessment year the owner:

- (1) is convicted of a violation under IC 13-7-13-3 (repealed), IC 13-7-13-4 (repealed), or IC 13-30-6; or
- (2) is subject to an order or a consent decree with respect to property located in Indiana based on a violation of a federal or state rule, regulation, or statute governing the treatment, storage, or disposal of hazardous wastes that had a major or moderate potential for harm.

SECTION 8. IC 6-1.1-12.1-5.4, AS AMENDED BY P.L.245-2003, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5.4. (a) A person that desires to obtain the deduction provided by section 4.5 of this chapter must file a certified deduction application on forms prescribed by the department of local government finance with the auditor of the county in which the new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~, **new logistical distribution equipment, or new information technology equipment** is located. A person that timely files a personal property return under IC 6-1.1-3-7(a) for the year in

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which the new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~, **new logistical distribution equipment, or new information technology equipment** is installed must file the application between March 1 and May 15 of that year. A person that obtains a filing extension under IC 6-1.1-3-7(b) for the year in which the new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~, **new logistical distribution equipment, or new information technology equipment** is installed must file the application between March 1 and the extended due date for that year.

(b) The deduction application required by this section must contain the following information:

(1) The name of the owner of the new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~, **new logistical distribution equipment, or new information technology equipment.**

(2) A description of the new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~, **new logistical distribution equipment, or new information technology equipment.**

(3) Proof of the date the new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~, **new logistical distribution equipment, or new information technology equipment** was installed.

(4) The amount of the deduction claimed for the first year of the deduction.

(c) This subsection applies to a deduction application with respect to new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~, **new logistical distribution equipment, or new information technology equipment** for which a statement of benefits was initially approved after April 30, 1991. If a determination about the number of years the deduction is allowed has not been made in the resolution adopted under section 2.5 of this chapter, the county auditor shall send a copy of the deduction application to the designating body, and the designating body shall adopt a resolution under section 4.5(g)(2) of this chapter.

(d) A deduction application must be filed under this section in the year in which the new manufacturing equipment, ~~or~~ new research and development equipment, ~~or both~~, **new logistical distribution equipment, or new information technology equipment** is installed and in each of the immediately succeeding years the deduction is

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allowed.

(e) Subject to subsection (i), the county auditor shall:

- (1) review the deduction application; and
- (2) approve, deny, or alter the amount of the deduction.

Upon approval of the deduction application or alteration of the amount of the deduction, the county auditor shall make the deduction. The county auditor shall notify the county property tax assessment board of appeals of all deductions approved under this section.

(f) If the ownership of new manufacturing equipment, ~~or new research and development equipment, or both,~~ **new logistical distribution equipment, or new information technology equipment** changes, the deduction provided under section 4.5 of this chapter continues to apply to that equipment if the new owner:

- (1) continues to use the equipment in compliance with any standards established under section 2(g) of this chapter; and
- (2) files the deduction applications required by this section.

(g) The amount of the deduction is the percentage under section 4.5 of this chapter that would have applied if the ownership of the property had not changed multiplied by the assessed value of the equipment for the year the deduction is claimed by the new owner.

(h) A person may appeal the determination of the county auditor under subsection (e) by filing a complaint in the office of the clerk of the circuit or superior court not more than forty-five (45) days after the county auditor gives the person notice of the determination.

(i) Before the county auditor acts under subsection (e), the county auditor may request that the township assessor in which the property is located review the deduction application.

SECTION 9. IC 6-1.1-12.1-5.6, AS AMENDED BY P.L.4-2000, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5.6. (a) This subsection applies to a property owner whose statement of benefits was approved under section 4.5 of this chapter before July 1, 1991. In addition to the requirements of section 5.5(b) of this chapter, a deduction application filed under section 5.5 of this chapter must contain information showing the extent to which there has been compliance with the statement of benefits approved under section 4.5 of this chapter. Failure to comply with a statement of benefits approved before July 1, 1991, may not be a basis for rejecting a deduction application.

(b) This subsection applies to a property owner whose statement of benefits was approved under section 4.5 of this chapter after June 30, 1991. In addition to the requirements of section 5.5(b) of this chapter,

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a property owner who files a deduction application under section 5.5 of this chapter must provide the county auditor and the designating body with information showing the extent to which there has been compliance with the statement of benefits approved under section 4.5 of this chapter.

(c) Notwithstanding IC 5-14-3 and IC 6-1.1-35-9, the following information is a public record if filed under this section:

- (1) The name and address of the taxpayer.
- (2) The location and description of the new manufacturing equipment, ~~or new research and development equipment, or both,~~ **new logistical distribution equipment, or new information technology equipment** for which the deduction was granted.
- (3) Any information concerning the number of employees at the facility where the new manufacturing equipment, ~~or new research and development equipment, or both,~~ **new logistical distribution equipment, or new information technology equipment** is located, including estimated totals that were provided as part of the statement of benefits.
- (4) Any information concerning the total of the salaries paid to those employees, including estimated totals that were provided as part of the statement of benefits.
- (5) Any information concerning the amount of solid waste or hazardous waste converted into energy or other useful products by the new manufacturing equipment.
- (6) Any information concerning the assessed value of the new manufacturing equipment, ~~or new research and development equipment, or both,~~ **new logistical distribution equipment, or new information technology equipment** including estimates that were provided as part of the statement of benefits.

(d) The following information is confidential if filed under this section:

- (1) Any information concerning the specific salaries paid to individual employees by the owner of the new manufacturing equipment, ~~or new research and development equipment, or both,~~ **new logistical distribution equipment, or new information technology equipment.**
- (2) Any information concerning the cost of the new manufacturing equipment, ~~or new research and development equipment, or both,~~ **new logistical distribution equipment, or new information technology equipment.**

SECTION 10. IC 6-1.1-12.1-5.8, AS AMENDED BY P.L.256-2003,

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SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5.8. In lieu of providing the statement of benefits required by section 3 or 4.5 of this chapter and the additional information required by section 5.1 or 5.6 of this chapter, the designating body may, by resolution, waive the statement of benefits if the designating body finds that the purposes of this chapter are served by allowing the deduction and the property owner has, during the thirty-six (36) months preceding the first assessment date to which the waiver would apply, installed new manufacturing equipment, ~~or new research and development equipment, or both,~~ **new logistical distribution equipment, or new information technology equipment** or developed or rehabilitated property at a cost of at least ten million dollars (\$10,000,000) as determined by the assessor of the township in which the property is located.

SECTION 11. IC 6-1.1-12.1-8, AS AMENDED BY P.L.90-2002, SECTION 125, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 8. (a) Not later than December 31 of each year, the county auditor shall publish the following in a newspaper of general interest and readership and not one of limited subject matter:

(1) A list of the approved deduction applications that were filed under this chapter during that year. The list must contain the following:

(A) The name and address of each person approved for or receiving a deduction that was filed for during the year.

(B) The amount of each deduction that was filed for during the year.

(C) The number of years for which each deduction that was filed for during the year will be available.

(D) The total amount for all deductions that were filed for and granted during the year.

(2) The total amount of all deductions for real property that were in effect under section 3 of this chapter during the year.

(3) The total amount of all deductions for new manufacturing equipment, ~~or new research and development equipment, or both,~~ **new logistical distribution equipment, or new information technology equipment** that were in effect under section 4.5 of this chapter during the year.

(b) The county auditor shall file the information described in subsection (a)(2) and (a)(3) with the department of local government finance not later than December 31 of each year.

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SECTION 12. IC 6-1.1-12.1-11.3, AS AMENDED BY P.L.245-2003, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 11.3. (a) This section applies only to the following requirements:

(1) Failure to provide the completed statement of benefits form to the designating body before the hearing required by section 2.5(c) of this chapter.

(2) Failure to submit the completed statement of benefits form to the designating body before the initiation of the redevelopment or rehabilitation or the installation of new manufacturing equipment, ~~or~~ ~~new~~ ~~research~~ ~~and~~ ~~development~~ ~~equipment,~~ ~~or~~ ~~both,~~ **new logistical distribution equipment, or new information technology equipment** for which the person desires to claim a deduction under this chapter.

(3) Failure to designate an area as an economic revitalization area before the initiation of the:

(A) redevelopment;

(B) installation of new manufacturing equipment, ~~or~~ ~~new~~ ~~research~~ ~~and~~ ~~development~~ ~~equipment,~~ ~~or~~ ~~both,~~ **new logistical distribution equipment, or new information technology equipment;** or

(C) rehabilitation;

for which the person desires to claim a deduction under this chapter.

(4) Failure to make the required findings of fact before designating an area as an economic revitalization area or authorizing a deduction for new manufacturing equipment, ~~or~~ ~~new~~ ~~research~~ ~~and~~ ~~development~~ ~~equipment,~~ ~~or~~ ~~both,~~ **new logistical distribution equipment, or new information technology equipment** under section 2, 3, or 4.5 of this chapter.

(5) Failure to file a:

(A) timely; or

(B) complete;

deduction application under section 5 or 5.4 of this chapter.

(b) This section does not grant a designating body the authority to exempt a person from filing a statement of benefits or exempt a designating body from making findings of fact.

(c) A designating body may by resolution waive noncompliance described under subsection (a) under the terms and conditions specified in the resolution. Before adopting a waiver under this subsection, the designating body shall conduct a public hearing on the waiver.

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SECTION 13. IC 6-1.1-22-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county treasurer shall either:

(1) mail to the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records, or to the last known address of the most recent owner shown in the transfer book a statement of current and delinquent taxes and special assessments; or

(2) transmit by written, electronic, or other means to a mortgagee maintaining an escrow account for a person who is liable for any property taxes or special assessments, as shown on the tax duplicate or special assessment records a statement of current and delinquent taxes and special assessments.

(b) The county treasurer may include the following in the statement:

(1) An itemized listing for each property tax levy, including:

- (A) the amount of the tax rate;
- (B) the entity levying the tax owed; and
- (C) the dollar amount of the tax owed.

(2) Information designed to inform the taxpayer or mortgagee clearly and accurately of the manner in which the taxes billed in the tax statement are to be used.

A form used and the method by which the statement and information, if any, are transmitted must be approved by the state board of accounts. The county treasurer may mail or transmit the statement and information, if any, one (1) time each year at least fifteen (15) days before the date on which the first or only installment is due. Whenever a person's tax liability for a year is due in one (1) installment under IC 6-1.1-7-7 or section 9 of this chapter, a statement that is mailed must include the date on which the installment is due and denote the amount of money to be paid for the installment. Whenever a person's tax liability is due in two (2) installments, a statement that is mailed must contain the dates on which the first and second installments are due and denote the amount of money to be paid for each installment.

(c) All payments of property taxes and special assessments shall be made to the county treasurer. The county treasurer, when authorized by the board of county commissioners, may open temporary offices for the collection of taxes in cities and towns in the county other than the county seat.

**(d) Before July 1, 2004, the department of local government finance shall designate five (5) counties to participate in a pilot**

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program to implement the requirements of subsection (e). The department shall immediately notify the county treasurer, county auditor, and county assessor in writing of the designation under this subsection. The legislative body of a county not designated for participation in the pilot program may adopt an ordinance to implement the requirements of subsection (e). The legislative body shall submit a copy of the ordinance to the department of local government finance, which shall monitor the county's implementation of the requirements of subsection (e) as if the county were a participant in the pilot program. The requirements of subsection (e) apply:

(1) only in:

(A) a county designated to participate in a pilot program under this subsection, for property taxes first due and payable after December 31, 2004, and before January 1, 2008; or

(B) a county adopting an ordinance under this subsection, for property taxes first due and payable after December 31, 2003, or December 31, 2004 (as determined in the ordinance), and before January 1, 2008; and

(2) in all counties for taxes first due and payable after December 31, 2007.

(e) Subject to subsection (d), regardless of whether a county treasurer transmits a statement of current and delinquent taxes and special assessments to a person liable for the taxes under subsection (a)(1) or to a mortgagee under subsection (a)(2), the county treasurer shall mail the following information to the last known address of each person liable for the property taxes or special assessments or to the last known address of the most recent owner shown in the transfer book. The county treasurer shall mail the information not later than the date the county treasurer transmits a statement for the property under subsection (a)(1) or (a)(2). The county treasurer, county auditor, and county assessor shall cooperate to generate the information to be included on the form. The information that must be provided is the following:

(1) A breakdown showing the total property tax and special assessment liability and the amount of the taxpayer's liability that will be distributed to each taxing unit in the county.

(2) A comparison showing any change in the assessed valuation for the property as compared to the previous year.

(3) A comparison showing any change in the property tax and

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special assessment liability for the property as compared to the previous year. The information required under this subdivision must identify:

- (A) the amount of the taxpayer's liability distributable to each taxing unit in which the property is located in the current year and in the previous year; and
  - (B) the percentage change, if any, in the amount of the taxpayer's liability distributable to each taxing unit in which the property is located from the previous year to the current year.
- (4) An explanation of the following:
- (A) The homestead credit and all property tax deductions.
  - (B) The procedure and deadline for filing for the homestead credit and each deduction.
  - (C) The procedure that a taxpayer must follow to:
    - (i) appeal a current assessment; or
    - (ii) petition for the correction of an error related to the taxpayer's property tax and special assessment liability.
  - (D) The forms that must be filed for an appeal or petition described in clause (C).

The department of local government finance shall provide the explanation required by this subdivision to each county treasurer.

- (5) A checklist that shows:
- (A) the homestead credit and all property tax deductions; and
  - (B) whether the homestead credit and each property tax deduction applies in the current statement for the property transmitted under subsection (a)(1) or (a)(2).
- (f) The information required to be mailed under subsection (e) must be simply and clearly presented and understandable to the average individual.
- (g) A county that incurs:
- (1) initial computer programming costs directly related to implementation of the requirements of subsection (e); or
  - (2) printing costs directly related to mailing information under subsection (e);

shall submit an itemized statement of the costs to the department of local government finance for reimbursement from the state. The treasurer of state shall pay a claim approved by the department of local government finance and submitted under this section on a

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**warrant of the auditor of state. However, the treasurer of state may not pay any additional claims under this subsection after the total amount of claims paid reaches fifty thousand dollars (\$50,000).**

SECTION 14. IC 6-1.1-33.5-2, AS AMENDED BY HEA 1032-2004, SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. The division of data analysis shall do the following:

- (1) Compile an electronic data base that includes the following:
  - (A) The local government data base.
  - (B) Information on sales of real and personal property, including **nonconfidential** information from sales disclosure forms filed under IC 6-1.1-5.5.
  - (C) Personal property assessed values and data entries on personal property return forms.
  - (D) Real property assessed values and data entries on real property assessment records.
  - (E) Information on property tax exemptions, deductions, and credits.
  - (F) Any other data relevant to the accurate determination of real property and personal property tax assessments.
- (2) Make available to each county and township software that permits the transfer of the data described in subdivision (1) to the division in a uniform format through a secure connection over the Internet.
- (3) Analyze the data compiled under this section for the purpose of performing the functions under section 3 of this chapter.
- (4) Conduct continuing studies of personal and real property tax deductions, abatements, and exemptions used throughout Indiana. The division of data analysis shall, before May 1 of each even-numbered year, report on the studies at a meeting of the budget committee and submit a report on the studies to the legislative services agency for distribution to the members of the legislative council. The report must be in an electronic format under IC 5-14-6.

SECTION 15. IC 24-4.5-3-701 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 701. With respect to a consumer loan secured by an interest in land used or expected to be used as the principal dwelling of the debtor, a lender shall comply with IC 6-1.1-12-43.**

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SECTION 16. IC 25-34.1-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this article:

"Person" means an individual, a partnership, a corporation, or a limited liability company.

"Commission" means the Indiana real estate commission.

"Real estate" means any right, title, or interest in real property.

"Broker" means a person who, for consideration, sells, buys, trades, exchanges, options, leases, rents, manages, lists, or appraises real estate or negotiates or offers to perform any of those acts.

"Salesperson" means an individual, other than a broker, who, for consideration and in association with and under the auspices of a broker, sells, buys, trades, exchanges, options, leases, rents, manages, or lists real estate or negotiates or offers to perform any of those acts.

"Broker-salesperson" means an individual broker who is acting in association with and under the auspices of another broker.

"Principal broker" means a broker who is not acting as a broker-salesperson.

"License" means a broker or salesperson license issued under this article and which is not expired, suspended, or revoked.

"Licensee" means a person who holds a license issued under this article. The term does not include a person who holds a real estate appraiser license or certificate issued under the real estate appraiser licensure and certification program established under IC 25-34.1-3-8.

"Course approval" means approval of a broker or salesperson course granted under this article which is not expired, suspended, or revoked.

"Licensing agency" means the Indiana professional licensing agency established by IC 25-1-6-3.

"Board" refers to the real estate appraiser licensure and certification board established under IC 25-34.1-8-1.

**"Commercial real estate" means a parcel of real estate other than real estate containing one (1) to four (4) residential units. This term does not include single family residential units such as:**

- (1) condominiums;**
- (2) townhouses;**
- (3) manufactured homes; or**
- (4) homes in a subdivision when sold, leased, or otherwise conveyed on a unit-by-unit basis, even if those units are part of a larger building or parcel of real estate containing more than four (4) residential units.**

**"Out-of-state commercial broker" includes a person, a**

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**partnership, an association, a limited liability company, a limited liability partnership, or a corporation that is licensed to do business as a broker in a jurisdiction other than Indiana.**

**"Out-of-state commercial salesperson" includes a person affiliated with an out-of-state commercial broker who is not licensed as a salesperson under this article.**

SECTION 17. IC 25-34.1-3-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) Except as provided in:

- (1) subsection (b); ~~and~~
- (2) section 8(i) of this chapter; **and**
- (3) section 11 of this chapter;**

no person shall, for consideration, sell, buy, trade, exchange, option, lease, rent, manage, list, or appraise real estate or negotiate or offer to perform any of those acts in Indiana or with respect to real estate situated in Indiana, without a license.

(b) This article does not apply to:

- (1) acts of an attorney which constitute the practice of law;
- (2) performance by a public official of acts authorized by law;
- (3) acts of a receiver, executor, administrator, commissioner, trustee, or guardian, respecting real estate owned or leased by the person represented, performed pursuant to court order or a will;
- (4) rental, for periods of less than thirty (30) days, of rooms, lodging, or other accommodations, by any commercial hotel, motel, tourist facility, or similar establishment which regularly furnishes such accommodations for consideration;
- (5) rental of residential apartment units by an individual employed or supervised by a licensed broker;
- (6) rental of apartment units which are owned and managed by a person whose only activities regulated by this article are in relation to a maximum of twelve (12) apartment units which are located on a single parcel of real estate or on contiguous parcels of real estate;
- (7) referral of real estate business by a broker, salesperson, or referral company which is licensed under the laws of another state, to or from brokers and salespersons licensed by this state;
- (8) acts performed by a person in relation to real estate owned by that person unless that person is licensed under this article, in which case the article does apply to him;
- (9) acts performed by a regular, full-time, salaried employee of a person in relation to real estate owned or leased by that person

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unless the employee is licensed under this article, in which case the article does apply to him;

(10) conduct of a sale at public auction by a licensed auctioneer pursuant to IC 25-6.1;

(11) sale, lease, or other transfer of interests in cemetery lots; and

(12) acts of a broker or salesperson, who is licensed under the laws of another state, which are performed pursuant to, and under restrictions provided by, written permission that is granted by the commission in its sole discretion, except that such a person shall comply with the requirements of section 5(c) of this chapter.

SECTION 18. IC 25-34.1-3-4.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.1. (a) To obtain a broker license, an individual must:

(1) be at least eighteen (18) years of age before applying for a license and must not have a conviction for:

(A) an act that would constitute a ground for disciplinary sanction under IC 25-1-11;

(B) a crime that has a direct bearing on the individual's ability to practice competently; or

(C) a crime that indicates the individual has the propensity to endanger the public.

(2) have satisfied section 3.1(a)(2) of this chapter and have had continuous active experience for one (1) year immediately preceding the application as a licensed salesperson in Indiana; however, this one (1) year experience requirement may be waived by the commission upon a finding of equivalent experience;

(3) have successfully completed an approved broker course of study as prescribed in IC 25-34.1-5-5(b);

(4) apply for a license by submitting the application fee prescribed by the commission and an application specifying the name, address, and age of the applicant, the name under which the applicant intends to conduct business, the address where the business is to be conducted, proof of compliance with subdivisions (2) and (3), and any other information the commission requires;

(5) pass a written examination prepared and administered by the commission or its duly appointed agent; and

(6) within one hundred twenty (120) days after passing the commission examination, submit the license fee of fifty dollars (\$50). If an individual applicant fails to file a timely license fee, the commission shall void the application and may not issue a

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- license to that applicant unless that applicant again complies with the requirements of subdivisions (4) and (5) and this subdivision.
- (b) To obtain a broker license, a partnership must:
- (1) have as partners only individuals who are licensed brokers;
  - (2) have at least one (1) partner who:
    - (A) is a resident of Indiana; **or**
    - (B) is a principal broker under IC 25-34.1-4-3(b);
  - (3) cause each employee of the partnership who acts as a broker or salesperson to be licensed; and
  - (4) submit the license fee of fifty dollars (\$50) and an application setting forth the name and residence address of each partner and the information prescribed in subsection (a)(4).
- (c) To obtain a broker license, a corporation must:
- (1) have a licensed broker:
    - (A) residing in Indiana who is either an officer of the corporation or, if no officer resides in Indiana, the highest ranking corporate employee in Indiana with authority to bind the corporation in real estate transactions; **or**
    - (B) who is a principal broker under IC 25-34.1-4-3(b);
  - (2) cause each employee of the corporation who acts as a broker or salesperson to be licensed; and
  - (3) submit the license fee of fifty dollars (\$50), an application setting forth the name and residence address of each officer and the information prescribed in subsection (a)(4), a copy of the certificate of incorporation, and a certificate of good standing of the corporation issued by the secretary of state of Indiana.
- (d) To obtain a broker license, a limited liability company must:
- (1) if a member-managed limited liability company:
    - (A) have as members only individuals who are licensed brokers; and
    - (B) have at least one (1) member who is:
      - (i) a resident of Indiana; **or**
      - (ii) a principal broker under IC 25-34.1-4-3(b);
  - (2) if a manager-managed limited liability company, have a licensed broker:
    - (A) residing in Indiana who is either a manager of the company or, if no manager resides in Indiana, the highest ranking company officer or employee in Indiana with authority to bind the company in real estate transactions; **or**
    - (B) who is a principal broker under IC 25-34.1-4-3(b);
  - (3) cause each employee of the limited liability company who acts

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as a broker or salesperson to be licensed; and  
(4) submit the license fee of fifty dollars (\$50) and an application setting forth the information prescribed in subsection (a)(4), together with:

- (A) if a member-managed company, the name and residence address of each member; or
- (B) if a manager-managed company, the name and residence address of each manager, or of each officer if the company has officers.

(e) Licenses granted to partnerships, corporations, and limited liability companies are issued, expire, are renewed, and are effective on the same terms as licenses granted to individual brokers, except as provided in subsection (h), and except that expiration or revocation of the license of:

- (1) any partner in a partnership or all individuals in a corporation satisfying subsection (c)(1); or
- (2) a member in a member-managed limited liability company or all individuals in a manager-managed limited liability company satisfying subsection (d)(2);

terminates the license of that partnership, corporation, or limited liability company.

(f) Upon the applicant's compliance with the requirements of subsection (a), (b), or (c), the commission shall issue the applicant a broker license and an identification card which certifies the issuance of the license and indicates the expiration date of the license. The license shall be displayed at the broker's place of business.

(g) Notice of passing the commission examination serves as a temporary permit for an individual applicant to act as a broker as soon as the applicant sends, by registered or certified mail with return receipt requested, a timely license fee as prescribed in subsection (a)(6). The temporary permit expires the earlier of one hundred twenty (120) days after the date of the notice of passing the examination or the date a license is issued.

(h) A broker license expires, for individuals, at midnight, December 31 and, for corporations, partnerships, and limited liability companies at midnight, June 30 of the next even-numbered year following the year in which the license is issued or last renewed, unless the licensee renews the license prior to expiration by payment of a biennial license fee of fifty dollars (\$50). An expired license may be reinstated within one hundred twenty (120) days after expiration by payment of all unpaid license fees together with twenty dollars (\$20). If the license is

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renewed within eighteen (18) months, but more than one hundred twenty (120) days, after expiration, the licensee must pay a late fee of one hundred dollars (\$100) plus any unpaid license fees. If a broker fails to reinstate a license within eighteen (18) months after expiration, a license may not be issued unless the broker again complies with the requirements of subsection (a)(4), (a)(5), and (a)(6).

(i) A partnership, corporation, or limited liability company may not be a broker-salesperson except as authorized in IC 23-1.5. An individual broker who associates as a broker-salesperson with a principal broker shall immediately notify the commission of the name and business address of the principal broker and of any changes of principal broker that may occur. The commission shall then change the address of the broker-salesperson on its records to that of the principal broker.

SECTION 19. IC 25-34.1-3-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) A resident of another state, meeting the requirements of this chapter, may be licensed.

~~(b) A nonresident individual broker may act only as a broker-salesperson.~~

~~(c)~~ (b) A nonresident salesperson or broker shall file with the commission a written consent that any action arising out of the conduct of the licensee's business in Indiana may be commenced in any county of this state in which the cause of action accrues. The consent shall provide that service of process may be made upon the commission, as agent for the nonresident licensee, and that service in accordance with the Indiana Rules of Trial Procedure subjects the licensee to the jurisdiction of the courts in that county.

~~(d)~~ (c) The requirements of this section may be waived for individuals of or moving from other jurisdictions if the following requirements are met:

- (1) The jurisdiction grants the same privilege to the licensees of this state.
- (2) The individual is licensed in that jurisdiction.
- (3) The licensing requirements of that jurisdiction are substantially similar to the requirements of this chapter.
- (4) The applicant states that the applicant has studied, is familiar with, and will abide by the statutes and rules of this state.

SECTION 20. IC 25-34.1-3-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 11. (a) An out-of-state**

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commercial broker, for a fee, commission, or other valuable consideration, or in expectation, or upon the promise of receiving or collecting a fee, commission, or other valuable consideration, may perform acts with respect to commercial real estate that require a license under this article without a license under this article, if the out-of-state commercial broker does all of the following:

- (1) Works in cooperation with a broker who holds a valid license issued under this article.
- (2) Enters into a written agreement with the broker described in subdivision (1) that includes the terms of cooperation and compensation and a statement that the out-of-state commercial broker and the broker's agents will comply with the laws of this state.
- (3) Furnishes the broker described in subdivision (1) with a copy of the out-of-state commercial broker's current certificate of good standing or other proof of a license in good standing from a jurisdiction where the out-of-state commercial broker maintains a valid real estate license.
- (4) Files an irrevocable written consent with the commission that legal actions arising out of the conduct of the out-of-state commercial broker or the broker's agents may be commenced against the out-of-state commercial broker in a court with jurisdiction in a county in Indiana in which the cause of action accrues.
- (5) Advertises in compliance with state law and includes the name of the broker described in subdivision (1) in all advertising.
- (6) Deposits all escrow funds, security deposits, and other money received by either the out-of-state commercial broker or the broker described in subdivision (1) in a trust account maintained by the broker described in subdivision (1).
- (7) Deposits all documentation required by this section and records and documents related to the transaction with the broker described in subdivision (1).

(b) The broker described in subsection (a)(1) shall retain the documentation that is provided by the out-of-state commercial broker as required under this section, and the records and documents related to a transaction, for at least five (5) years.

(c) An out-of-state commercial salesperson may perform acts with respect to commercial real estate that require a salesperson

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to be licensed under this article without a license under this article if the out-of-state commercial salesperson meets all of the following requirements:

**(1) The out-of-state commercial salesperson:**

**(A) is licensed with and works under the direct supervision of the out-of-state commercial broker;**

**(B) provides the broker described in subsection (a)(1) with a copy of the out-of-state commercial salesperson's current certificate of good standing or other proof of a license in good standing from the jurisdiction where the out-of-state commercial salesperson maintains a valid real estate license in connection with the out-of-state commercial broker; and**

**(C) collects money, including:**

**(i) commissions;**

**(ii) deposits;**

**(iii) payments;**

**(iv) rentals; or**

**(v) escrow funds;**

**only in the name of and with the consent of the out-of-state commercial broker under whom the out-of-state commercial salesperson is licensed.**

**(2) The out-of-state commercial broker described in subdivision (1)(A) meets all of the requirements of subsection (a).**

**(d) A person licensed in a jurisdiction where there is not a legal distinction between a real estate broker license and a real estate salesperson license must meet the requirements of subsection (a) before engaging in an act that requires a license under this article.**

**(e) An out-of-state commercial broker or salesperson acting under this section shall file a written consent as provided in section 5(b) of this chapter.**

SECTION 21. IC 25-34.1-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. **(a) Except as provided in subsection (b),** each individual who is a principal broker or is designated by a partnership, corporation, or a limited liability company pursuant to section 2 of this chapter shall be a resident of Indiana.

**(b) A nonresident:**

**(1) individual broker; or**

**(2) individual designated by a partnership, corporation, or**

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**limited liability company under section 2 of this chapter; may be a principal broker if all the licensees affiliated with the broker, partnership, corporation, or limited liability company are not residents of Indiana.**

SECTION 22. IC 27-1-15.6-4, AS AMENDED BY P.L.129-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) As used in this section, "insurer" does not include an officer, director, employee, subsidiary, or affiliate of an insurer.

(b) This chapter does not require an insurer to obtain an insurance producer license.

(c) The following are not required to be licensed as an insurance producer:

(1) An officer, director, or employee of an insurer or of an insurance producer, if the officer, director, or employee does not receive any commission on policies written or sold to insure risks that reside, are located, or are to be performed in Indiana, and if:

(A) the officer, director, or employee's activities are executive, administrative, managerial, clerical, or a combination of these, and are only indirectly related to the sale, solicitation, or negotiation of insurance;

(B) the officer, director, or employee's function relates to underwriting, loss control, inspection, or the processing, adjusting, investigating, or settling of a claim on a contract of insurance; or

(C) the officer, director, or employee is acting in the capacity of a special agent or agency supervisor assisting insurance producers and the officer, director, or employee's activities are limited to providing technical advice and assistance to licensed insurance producers and do not include the sale, solicitation, or negotiation of insurance.

(2) A person who secures and furnishes information for the purpose of:

(A) group life insurance, group property and casualty insurance, group annuities, group or blanket accident and sickness insurance;

(B) enrolling individuals under plans;

(C) issuing certificates under plans or otherwise assisting in administering plans; or

(D) performing administrative services related to mass marketed property and casualty insurance;

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where no commission is paid to the person for the service.

(3) A person identified in clauses (A) through (C) who is not in any manner compensated, directly or indirectly, by a company issuing a contract, to the extent that the person is engaged in the administration or operation of a program of employee benefits for the employer's or association's employees, or for the employees of a subsidiary or affiliate of the employer or association, that involves the use of insurance issued by an insurer:

(A) An employer or association.

(B) An officer, director, or employee of an employer or association.

(C) The trustees of an employee trust plan.

(4) An:

(A) employee of an insurer; or

(B) organization employed by insurers;

that is engaged in the inspection, rating, or classification of risks, or in the supervision of the training of insurance producers, and that is not individually engaged in the sale, solicitation, or negotiation of insurance.

(5) A person whose activities in Indiana are limited to advertising, without the intent to solicit insurance in Indiana, through communications in printed publications or other forms of electronic mass media whose distribution is not limited to residents of Indiana, provided that the person does not sell, solicit, or negotiate insurance that would insure risks residing, located, or to be performed in Indiana.

(6) A person who is not a resident of Indiana and who sells, solicits, or negotiates a contract of insurance for commercial property and casualty risks to an insured with risks located in more than one state insured under that contract, provided that:

(A) the person is otherwise licensed as an insurance producer to sell, solicit, or negotiate the insurance in the state where the insured maintains its principal place of business; and

(B) the contract of insurance insures risks located in that state.

(7) A salaried full-time employee who counsels or advises the employee's employer about the insurance interests of the employer or of the subsidiaries or business affiliates of the employer, provided that the employee does not sell or solicit insurance or receive a commission.

(8) An officer, employee, or representative of a rental company (as defined in IC 24-4-9-7) who negotiates or solicits insurance

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incidental to and in connection with the rental of a motor vehicle.

**(9) An individual who:**

**(A) furnishes only title insurance rate information at the request of a consumer; and**

**(B) does not discuss the terms or conditions of a title insurance policy.**

SECTION 23. IC 27-1-15.6-6, AS AMENDED BY P.L.1-2002, SECTION 106, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 6. (a) A person applying for a resident insurance producer license shall make application to the commissioner on the uniform application and declare under penalty of refusal, suspension, or revocation of the license that the statements made in the application are true, correct, and complete to the best of the individual's knowledge and belief.

(b) Before approving an application submitted under subsection (a), the commissioner must find that the individual meets the following requirements:

- (1) Is at least eighteen (18) years of age.
- (2) Has not committed any act that is a ground for denial, suspension, or revocation under section 12 of this chapter.
- (3) Has completed, if required by the commissioner, a certified prelicensing course of study for the lines of authority for which the individual has applied.
- (4) Has paid the nonrefundable fee set forth in section 32 of this chapter.
- (5) Has successfully passed the examinations for the lines of authority for which the individual has applied.

(c) An applicant for a resident insurance producer license must file with the commissioner on a form prescribed by the commissioner a certification of completion certifying that the applicant has completed an insurance producer program of study certified by the commissioner under IC 27-1-15.7-5 not more than six (6) months before the application for the license is received by the commissioner. This subsection applies only to licensees seeking qualification in the lines of insurance described in sections 7(a)(1) through 7(a)(6) **and 7(a)(8)** of this chapter.

(d) A business entity, before acting as an insurance producer, is required to obtain an insurance producer license. The application submitted by a business entity under this subsection must be made using the uniform business entity application. Before approving the application, the commissioner must find that the business entity has:

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- (1) paid the fees required under section 32 of this chapter; and
- (2) designated an individual licensed producer responsible for the business entity's compliance with the insurance laws and administrative rules of Indiana.

(e) The commissioner may require any documents reasonably necessary to verify the information contained in an application submitted under this subsection.

(f) An insurer that sells, solicits, or negotiates any form of limited line credit insurance shall provide a program of instruction approved by the commissioner to each individual whose duties will include selling, soliciting, or negotiating limited line credit insurance.

SECTION 24. IC 27-1-15.6-7, AS ADDED BY P.L.132-2001, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. (a) Unless denied licensure under section 12 of this chapter, a person who has met the requirements of sections 5 and 6 of this chapter shall be issued an insurance producer license. An insurance producer may receive qualification for a license in one or more of the following lines of authority:

- (1) Life — insurance coverage on human lives, including benefits of endowment and annuities, that may include benefits in the event of death or dismemberment by accident and benefits for disability income.
- (2) Accident and health or sickness — insurance coverage for sickness, bodily injury, or accidental death that may include benefits for disability income.
- (3) Property — insurance coverage for the direct or consequential loss of or damage to property of every kind.
- (4) Casualty — insurance coverage against legal liability, including liability for death, injury, or disability, or for damage to real or personal property.
- (5) Variable life and variable annuity products — insurance coverage provided under variable life insurance contracts and variable annuities.
- (6) Personal lines — property and casualty insurance coverage sold to individuals and families for primarily noncommercial purposes.
- (7) Credit — limited line credit insurance.
- (8) **Title — insurance coverage against loss or damage on account of encumbrances on or defects in the title to real estate.**
- (9) Any other line of insurance permitted under Indiana laws or

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administrative rules.

(b) A person who requests and receives qualification under subsection (a)(5) for variable life and annuity products:

(1) is considered to have requested; and

(2) shall receive;

a life qualification under subsection (a)(1).

(c) A resident insurance producer may not request separate qualifications for property insurance and casualty insurance under subsection (a).

(d) An insurance producer license remains in effect unless revoked or suspended, as long as the renewal fee set forth in section 32 of this chapter is paid and the educational requirements for resident individual producers are met by the due date.

(e) An individual insurance producer who:

(1) allows the individual insurance producer's license to lapse; and

(2) completed all required continuing education before the license expired;

may, not more than twelve (12) months after the expiration date of the license, reinstate the same license without the necessity of passing a written examination. A penalty in the amount of three (3) times the unpaid renewal fee shall be required for any renewal fee received after the expiration date of the license. However, the department of insurance may waive the penalty if the renewal fee is received not more than thirty (30) days after the expiration date of the license.

(f) A licensed insurance producer who is unable to comply with license renewal procedures due to military service or some other extenuating circumstance may request a waiver of the license renewal procedures. The producer may also request a waiver of any examination requirement or any other fine or sanction imposed for failure to comply with the license renewal procedures.

(g) An insurance producer license shall contain the licensee's name, address, personal identification number, date of issuance, lines of authority, expiration date, and any other information the commissioner considers necessary.

(h) A licensee shall inform the commissioner of a change of address not more than thirty (30) days after the change by any means acceptable to the commissioner. The failure of a licensee to timely inform the commissioner of a change in legal name or address shall result in a penalty under section 12 of this chapter.

(i) To assist in the performance of the commissioner's duties, the

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commissioner may contract with nongovernmental entities, including the National Association of Insurance Commissioners (NAIC), or any affiliates or subsidiaries that the NAIC oversees, to perform ministerial functions, including the collection of fees related to producer licensing, that the commissioner and the nongovernmental entity consider appropriate.

(j) The commissioner may participate, in whole or in part, with the NAIC or any affiliate or subsidiary of the NAIC in a centralized insurance producer license registry through which insurance producer licenses are centrally or simultaneously effected for states that require an insurance producer license and participate in the centralized insurance producer license registry. If the commissioner determines that participation in the centralized insurance producer license registry is in the public interest, the commissioner may adopt rules under IC 4-22-2 specifying uniform standards and procedures that are necessary for participation in the registry, including standards and procedures for centralized license fee collection.

SECTION 25. IC 27-1-15.7-2, AS AMENDED BY P.L.1-2002, SECTION 109, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) **Except as provided in subsection (b)**, to renew a license issued under IC 27-1-15.6:

- (1) a resident insurance producer must complete at least forty (40) hours of credit in continuing education courses; and
- (2) a resident limited lines producer must complete at least ten (10) hours of credit in continuing education courses.

An attorney in good standing who is admitted to the practice of law in Indiana and holds a license issued under IC 27-1-15.6 may complete all or any number of hours of continuing education required by this subsection by completing an equivalent number of hours in continuing legal education courses that are related to the business of insurance.

(b) **To renew a license issued under IC 27-1-15.6, a limited lines producer with a title qualification under IC 27-1-15.6-7(a)(8) must complete at least fourteen (14) hours of credit in continuing education courses related to the business of title insurance with at least four (4) hours of instruction in a structured setting or comparable self-study concerning:**

- (1) ethical practices in the marketing and selling of title insurance;
- (2) title insurance underwriting;
- (3) escrow issues; and
- (4) principles of the federal Real Estate Settlement Procedures

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**Act (12 U.S.C. 2608).**

**An attorney in good standing who is admitted to the practice of law in Indiana and holds a license issued under IC 27-1-15.6 with a title qualification under IC 27-1-15.6-7(a)(8) may complete all or any number of hours of continuing education required by this subsection by completing an equivalent number of hours in continuing legal education courses related to the business of title insurance or any aspect of real property law.**

(c) The following limited lines producers are not required to complete continuing education courses to renew a license under this chapter:

- (1) A limited lines producer who is licensed without examination under IC 27-1-15.6-18(1) or IC 27-1-15.6-18(2).
- (2) A limited line credit insurance producer.

(d) To satisfy the requirements of subsection (a) or (b), a licensee may use only those credit hours earned in continuing education courses completed by the licensee:

- (1) after the effective date of the licensee's last renewal of a license under this chapter; or
- (2) if the licensee is renewing a license for the first time, after the date on which the licensee was issued the license under this chapter.

(e) If an insurance producer receives qualification for a license in more than one (1) line of authority under IC 27-1-15.6, the insurance producer may not be required to complete a total of more than forty (40) hours of credit in continuing education courses to renew the license.

(f) Except as provided in subsection (f); (g), a licensee may receive credit only for completing continuing education courses that have been approved by the commissioner under section 4 of this chapter.

(g) A licensee who teaches a course approved by the commissioner under section 4 of this chapter shall receive continuing education credit for teaching the course.

(h) When a licensee renews a license issued under this chapter, the licensee must submit:

- (1) a continuing education statement that:
  - (A) is in a format authorized by the commissioner;
  - (B) is signed by the licensee under oath; and
  - (C) lists the continuing education courses completed by the licensee to satisfy the continuing education requirements of

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this section; and

(2) any other information required by the commissioner.

~~(h)~~ (i) A continuing education statement submitted under subsection  
~~(g)~~ (h) may be reviewed and audited by the department.

~~(i)~~ (j) A licensee shall retain a copy of the original certificate of completion received by the licensee for completion of a continuing education course.

SECTION 26. IC 27-1-15.7-5, AS ADDED BY P.L.132-2001, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. (a) To qualify as a certified prelicensing course of study for purposes of IC 27-1-15.6-6, an insurance producer program of study must meet all of the following criteria:

(1) Be conducted or developed by an:

(A) insurance trade association;

(B) accredited college or university;

(C) educational organization certified by the insurance producer education and continuing education advisory council;  
or

(D) insurance company licensed to do business in Indiana.

(2) Provide for self-study or instruction provided by an approved instructor in a structured setting, as follows:

(A) For life insurance producers, not less than twenty-four (24) hours of instruction in a structured setting or comparable self-study on:

(i) ethical practices in the marketing and selling of insurance;

(ii) requirements of the insurance laws and administrative rules of Indiana; and

(iii) principles of life insurance.

(B) For health insurance producers, not less than twenty-four (24) hours of instruction in a structured setting or comparable self-study on:

(i) ethical practices in the marketing and selling of insurance;

(ii) requirements of the insurance laws and administrative rules of Indiana; and

(iii) principles of health insurance.

(C) For life and health insurance producers, not less than forty (40) hours of instruction in a structured setting or comparable self-study on:

(i) ethical practices in the marketing and selling of

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insurance;

(ii) requirements of the insurance laws and administrative rules of Indiana;

(iii) principles of life insurance; and

(iv) principles of health insurance.

(D) For property and casualty insurance producers, not less than forty (40) hours of instruction in a structured setting or comparable self-study on:

(i) ethical practices in the marketing and selling of insurance;

(ii) requirements of the insurance laws and administrative rules of Indiana;

(iii) principles of property insurance; and

(iv) principles of liability insurance.

(E) For personal lines producers, a minimum of twenty-four (24) hours of instruction in a structured setting or comparable self-study on:

(i) ethical practices in the marketing and selling of insurance;

(ii) requirements of the insurance laws and administrative rules of Indiana; and

(iii) principles of property and liability insurance applicable to coverages sold to individuals and families for primarily noncommercial purposes.

**(F) For title insurance producers, not less than ten (10) hours of instruction in a structured setting or comparable self-study on:**

**(i) ethical practices in the marketing and selling of title insurance;**

**(ii) requirements of the insurance laws and administrative rules of Indiana;**

**(iii) principles of title insurance, including underwriting and escrow issues; and**

**(iv) principles of the federal Real Estate Settlement Procedures Act (12 U.S.C. 2608).**

(3) Instruction provided in a structured setting must be provided only by individuals who meet the qualifications established by the commissioner under subsection (b).

(b) The commissioner, after consulting with the insurance producer education and continuing education advisory council, shall adopt rules under IC 4-22-2 prescribing the criteria that a person must meet to

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render instruction in a certified prelicensing course of study.

(c) The commissioner shall adopt rules under IC 4-22-2 prescribing the subject matter that an insurance producer program of study must cover to qualify for certification as a certified prelicensing course of study under this section.

(d) The commissioner may make recommendations that the commissioner considers necessary for improvements in course materials.

(e) The commissioner shall designate a program of study that meets the requirements of this section as a certified prelicensing course of study for purposes of IC 27-1-15.6-6.

(f) The commissioner may, after notice and opportunity for a hearing, withdraw the certification of a course of study that does not maintain reasonable standards, as determined by the commissioner for the protection of the public.

(g) Current course materials for a prelicensing course of study that is certified under this section must be submitted to the commissioner upon request, but not less frequently than once every three (3) years.

SECTION 27. IC 27-1-15.7-6, AS ADDED BY P.L.132-2001, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 6. (a) As used in this section, "council" refers to the insurance producer education and continuing education advisory council created under subsection (b).

(b) The insurance producer education and continuing education advisory council is created within the department. The council consists of the commissioner and ~~twelve (12)~~ **thirteen (13)** members appointed by the governor as follows:

- (1) Two (2) members recommended by the Professional Insurance Agents of Indiana.
- (2) Two (2) members recommended by the Independent Insurance Agents of Indiana.
- (3) Two (2) members recommended by the Indiana Association of Insurance and Financial Advisors.
- (4) Two (2) representatives of direct writing or exclusive producer's insurance companies.
- (5) One (1) representative of the Association of Life Insurance Companies.
- (6) One (1) member recommended by the Insurance Institute of Indiana.
- (7) **One (1) member recommended by the Indiana Land Title Association.**

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(8) Two (2) other individuals.

(c) Members of the council serve for a term of three (3) years. Members may not serve more than two (2) consecutive terms.

(d) Before making appointments to the council, the governor must:

- (1) solicit; and
- (2) select appointees to the council from;

nominations made by organizations and associations that represent individuals and corporations selling insurance in Indiana.

(e) The council shall meet at least semiannually.

(f) A member of the council is entitled to the minimum salary per diem provided under IC 4-10-11-2.1(b). A member is also entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the state department of administration and approved by the state budget agency.

(g) The council shall review and make recommendations to the commissioner with respect to course materials, curriculum, and credentials of instructors of each prelicensing course of study for which certification by the commissioner is sought under section 5 of this chapter and shall make recommendations to the commissioner with respect to educational requirements for insurance producers.

(h) A member of the council or designee of the commissioner shall be permitted access to any classroom while instruction is in progress to monitor the classroom instruction.

(i) The council shall make recommendations to the commissioner concerning the following:

- (1) Continuing education courses for which the approval of the commissioner is sought under section 4 of this chapter.
- (2) Rules proposed for adoption by the commissioner that would affect continuing education.

**SECTION 28. [EFFECTIVE JULY 1, 2004] (a) IC 27-1-15.7-2, as amended by this act, applies only to a limited lines producer with a title qualification who renews the limited lines producer's license issued under IC 27-1-15.6 after December 31, 2005.**

**(b) IC 27-1-15.7-5, as amended by this act, does not apply to an insurance producer program of study until January 1, 2005.**

**(c) This SECTION expires July 1, 2010.**

**SECTION 29. IC 28-1-5-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 16. With respect to a residential real property financing or refinancing, a corporation shall comply with**

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**IC 6-1.1-12-43.**

SECTION 30. IC 28-5-1-26 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 26. With respect to a residential real property financing or refinancing, an industrial loan and investment company shall comply with IC 6-1.1-12-43.**

SECTION 31. IC 28-6.1-6-25 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 25. With respect to a residential real property financing or refinancing, a savings bank shall comply with IC 6-1.1-12-43.**

SECTION 32. IC 28-7-1-38 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 38. With respect to a residential real property financing or refinancing, a credit union shall comply with IC 6-1.1-12-43.**

SECTION 33. IC 34-30-2-16.6 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 16.6. IC 6-1.1-12-43 (Concerning a closing agent's failure to provide a form concerning property tax benefits).**

SECTION 34. IC 36-4-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Municipalities are classified according to their status and population as follows:

STATUS AND POPULATION	CLASS
Cities of <del>250,000</del> <b>600,000</b> or more	First class cities
Cities of 35,000 to <del>249,999</del> <b>599,999</b>	Second class cities
Cities of less than 35,000	Third class cities
Other municipalities of any population	Towns

(b) Except as provided in subsection (c), a city that attains a population of thirty-five thousand (35,000) remains a second class city even though its population decreases to less than thirty-five thousand (35,000) at the next federal decennial census.

(c) The legislative body of a city to which subsection (b) applies may, by ordinance, adopt third class city status.

SECTION 35. IC 36-7-31.3-8, AS AMENDED BY P.L.178-2002, SECTION 126, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) ~~Except as provided in subsection (d)~~; A designating body may designate as part of a

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professional sports and convention development area any facility that is:

- (1) owned by the city, the county, a school corporation, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11, and used by a professional sports franchise for practice or competitive sporting events; or
- (2) owned by the city, the county, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11, and used as one (1) of the following:
  - (A) A facility used principally for convention or tourism related events serving national or regional markets.
  - (B) An airport.
  - (C) A museum.
  - (D) A zoo.
  - (E) A facility used for public attractions of national significance.
  - (F) A performing arts venue.
  - (G) A county courthouse registered on the National Register of Historic Places.

A facility may not include a private golf course or related improvements. The tax area may include only facilities described in this section and any parcel of land on which a facility is located. An area may contain noncontiguous tracts of land within the city, county, or school corporation.

(b) Except for a tax area that is located in a city having a population of:

- (1) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000); or
- (2) more than ninety thousand (90,000) but less than one hundred five thousand (105,000);

a tax area must include at least one (1) facility described in subsection (a)(1).

(c) Except as provided in subsection (d), a tax area may contain other facilities not owned by the designating body if:

- (1) the facility is owned by a city, the county, a school corporation, or a board established under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11; and
- (2) an agreement exists between the designating body and the owner of the facility specifying the distribution and uses of the covered taxes to be allocated under this chapter.

~~(d) In a city having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000), the~~

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designating body may designate only one (1) facility as part of a tax area. The facility designated as part of the tax area may not be a facility described in subsection (a)(1).

SECTION 36. IC 36-7-31.3-9, AS AMENDED BY P.L.178-2002, SECTION 127, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) A tax area must be initially established by resolution:

- (1) except as provided in subdivision (2) before July 1, 1999; or
- (2) ~~in the case of a second class city, before July 1, 2003;~~ **January 1, 2005:**

**(A) in the case of a second class city; or**

**(B) the city of Marion;**

according to the procedures set forth for the establishment of an economic development area under IC 36-7-14. A tax area may be changed or the terms governing the tax area revised in the same manner as the establishment of the initial tax area. Only one (1) tax area may be created in each county.

(b) In establishing the tax area, the designating body must make the following findings instead of the findings required for the establishment of economic development areas:

- (1) Except for a tax area in a city having a population of:
  - (A) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000); or
  - (B) more than ninety thousand (90,000) but less than one hundred five thousand (105,000);

there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used by a professional sports franchise for practice or competitive sporting events. A tax area to which this subdivision applies may also include a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a)(2) of this chapter.

(2) For a tax area in a city having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000), there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a) of this chapter.

(3) For a tax area in a city having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000), there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for

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any purpose specified in section 8(a)(2) of this chapter.

(4) The capital improvement that will be undertaken or that has been undertaken in the tax area will benefit the public health and welfare and will be of public utility and benefit.

(5) The capital improvement that will be undertaken or that has been undertaken in the tax area will protect or increase state and local tax bases and tax revenues.

(c) The tax area established under this chapter is a special taxing district authorized by the general assembly to enable the designating body to provide special benefits to taxpayers in the tax area by promoting economic development that is of public use and benefit.

SECTION 37. IC 36-7-31.3-19, AS AMENDED BY P.L.178-2002, SECTION 131, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 19. The resolution establishing the tax area must designate the use of the funds. The funds are to be used only for the following:

(1) Except in a tax area in a city having a population of:

(A) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000); or

(B) more than ninety thousand (90,000) but less than one hundred five thousand (105,000);

a capital improvement that will construct or equip a facility owned by the city, the county, a school corporation, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11 and used by a professional sports franchise for practice or competitive sporting events. In a tax area to which this subdivision applies, funds may also be used for a capital improvement that will construct or equip a facility owned by the city, the county, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11 and used for any purpose specified in section 8(a)(2) of this chapter.

(2) In a city having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000), a capital improvement that will construct or equip a facility owned by the city, the county, a school corporation, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11 and used for any purpose specified in section 8(a) of this chapter.

(3) In a city having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000), a capital improvement that will construct or equip a facility owned by the city, the county, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11 and used for any purpose specified in

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section **8(a)(1) or 8(a)(2)** of this chapter.

(4) The financing or refinancing of a capital improvement described in subdivision (1), (2), or (3) or the payment of lease payments for a capital improvement described in subdivision (1), (2), or (3).

**SECTION 38. [EFFECTIVE UPON PASSAGE] (a) Except as provided in subsection (b), IC 6-1.1-22-8, as amended by this act, applies only to statements prepared and mailed for property taxes and special assessments first due and payable after December 31, 2004.**

**(b) IC 6-1.1-22-8, as amended by this act, applies to statements prepared and mailed for property taxes and special assessments first due and payable in a county after December 31, 2003, if that date is specified in an ordinance adopted by the county under IC 6-1.1-22-8(d), as amended by this act.**

**SECTION 39. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "commission" refers to the property tax replacement study commission established by subsection (b).**

**(b) The property tax replacement study commission is established.**

**(c) The commission consists of twenty-four (24) members who are appointed as follows:**

**(1) Twelve (12) members appointed by the president pro tempore of the senate as follows:**

- (A) One (1) member representing manufacturing.**
- (B) One (1) member representing small business.**
- (C) One (1) member representing farmers.**
- (D) One (1) member representing home builders.**
- (E) One (1) member representing realtors.**
- (F) One (1) member who is a member of a city fiscal body.**
- (G) One (1) member who is a mayor.**
- (H) One (1) member who is a township trustee.**
- (I) Two (2) members of the senate, not more than one (1) of whom may be affiliated with the same political party.**
- (J) Two (2) members, without regard to representation or affiliation.**

**(2) Twelve (12) members appointed by the speaker of the house of representatives as follows:**

- (A) One (1) member representing business.**
- (B) One (1) member representing labor.**
- (C) One (1) member representing senior citizens.**

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- (D) One (1) member representing professional educators.**
- (E) One (1) member representing banking.**
- (F) One (1) member who is a parent of a child enrolled in kindergarten through grade 12.**
- (G) One (1) member who is a school board member.**
- (H) One (1) member who is a member of a county fiscal body.**
- (I) Two (2) members of the house of representatives, not more than one (1) of whom may be affiliated with the same political party.**
- (J) Two (2) members, without regard to representation or affiliation.**

**Not more than twelve (12) members of the commission may be from the same political party.**

**(d) Except for the members appointed under subsection (c)(1)(I) and (c)(2)(I), the members appointed under subsection (c):**

- (1) may not be members of the general assembly;**
- (2) must own property subject to assessment under IC 6-1.1;**
- and**
- (3) have knowledge and experience in the areas of taxation and government finance or school finance.**

**Each member must be appointed not later than thirty (30) days after the effective date of this act.**

**(e) The president pro tempore of the senate and the speaker of the house of representatives shall each appoint a cochairperson of the commission.**

**(f) The commission shall study the following proposals:**

- (1) Eliminating approximately fifty percent (50%) of net property tax levies.**
- (2) Eliminating approximately seventy-five percent (75%) of net property tax levies.**
- (3) Eliminating approximately one hundred percent (100%) of net property tax levies.**

**The study required under this subsection must identify revenue sources capable of replacing property taxes and providing sufficient revenue to maintain essential government services.**

**(g) The commission is authorized to meet throughout the year at the call of the cochairpersons. The cochairpersons must call the first meeting of the commission not later than forty-five (45) days after the effective date of this act. The commission shall submit status reports concerning the commission's activities to the**

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legislative council during June and September of 2004.

(h) Before December 1, 2004, the commission shall submit to the legislative council an executive summary of each of the possible alternatives for achieving the property tax elimination proposals described in subsection (f). As soon as possible after submission of the executive summary, the commission shall supplement the executive summary with a final report to the legislative council covering the following matters:

(1) The commission's schedule of meetings and the public testimony received at those meetings.

(2) The commission's findings and recommendations, including any recommendations for statutory changes.

(3) A fiscal analysis of the cost to the state, units of local government, and school corporations to implement:

(A) the alternatives for property tax elimination presented in the commission's executive summary; and

(B) the commission's recommendations.

(i) Except as otherwise provided in this SECTION, the commission shall operate under the rules and procedures of the legislative council.

(j) The affirmative votes of at least thirteen (13) members of the commission are required for the commission to take action on any measure.

(k) Members of the commission are entitled to per diem and travel allowances in the same amounts as the legislative council provides for members of interim study committees.

(l) The legislative services agency shall provide staff support for the commission as directed by a subcommittee established by the legislative council.

(m) The status reports, executive summary, and final report required by this SECTION must be in an electronic format under IC 5-14-6.

(n) This SECTION expires January 1, 2005.

SECTION 40. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "commission" refers to the local government efficiency and financing study commission established by this SECTION.

(b) As used in this SECTION, "municipal corporation" means a county, city, town, township, library district, local housing authority, fire protection district, public transportation corporation, local building authority, local hospital authority or corporation, local airport authority, special service district, special

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taxing district, or other separate local governmental entity that may sue and be sued.

(c) There is established the local government efficiency and financing study commission. The commission shall study the following:

- (1) Local government financing, structure, and methods of providing necessary services to the public to determine the most appropriate and efficient means of providing services.
- (2) Merger and consolidation of municipal corporations and the sharing of services among municipal corporations to improve the efficiency of local government.
- (3) Creation of local charter governments and the restructuring of municipal corporations, including a review of Senate Bill 225-2004, which proposed allowing local governments to establish charter governments.
- (4) The efforts of Fort Wayne and Allen County to restructure municipal and county government.
- (5) The ongoing study conducted by Vanderburgh County concerning the restructuring of local government.
- (6) The efforts of other states to consolidate local government.
- (7) Any other issue as determined by the commission.

(d) The commission consists of the following twenty-three (23) members:

- (1) Five (5) members appointed by the governor as follows:
  - (A) One (1) member who is the mayor of a third class city.
  - (B) One (1) member representing business.
  - (C) One (1) member representing labor.
  - (D) One (1) member who is an economic development professional.
  - (E) One (1) member who is a public safety employee of a second class city.
- (2) Four (4) members who are members of the senate, appointed by the president pro tempore of the senate. Not more than two (2) members may be of the same political party.
- (3) Four (4) members who are members of the house of representatives, appointed by the speaker of the house of representatives. Not more than two (2) members may be of the same political party.
- (4) Ten (10) members as follows:
  - (A) One (1) member who is a county commissioner appointed by the president pro tempore of the senate.

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**(B) One (1) member who is the mayor of a second class city appointed by the speaker of the house of representatives.**

**(C) One (1) member who is a member of a city council of a second class city appointed by the president pro tempore of the senate.**

**(D) One (1) member who is a member of a county council appointed by the speaker of the house of representatives.**

**(E) Two (2) members who are township trustees. One (1) member shall be appointed by the president pro tempore of the senate. One (1) member shall be appointed by the speaker of the house of representatives. The member appointed by the speaker of the house of representatives must be a trustee assessor.**

**(F) One (1) member, appointed by the speaker of the house of representatives, who is a member of a town legislative body.**

**(G) One (1) member, appointed by the president pro tempore of the senate, who is:**

**(i) an elected or appointed and a qualified township assessor; and**

**(ii) not a township trustee.**

**(H) One (1) member, appointed by the speaker of the house, who is a county assessor.**

**(I) One (1) member, appointed by the president pro tem of the senate, who is a member of a city council of a third class city.**

**(e) Not more than five (5) members appointed under subsection (d)(4) may be of the same political party.**

**(f) After the effective date of this act:**

**(1) the president pro tempore of the senate shall appoint the first chairperson of the commission from among the members of the commission who are legislators, for a term that expires December 1, 2004; and**

**(2) the speaker of the house of representatives shall appoint the first vice chairperson of the commission from among the members of the commission who are legislators, for a term that expires December 1, 2004.**

**(g) After November 30, 2004:**

**(1) the speaker of the house of representatives shall appoint the second commission chairperson from among the legislative members of the commission, for a term that expires December**

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1, 2005; and

(2) the president pro tempore of the senate shall appoint the second commission vice chairperson from among the legislative members of the commission, for a term that expires December 1, 2005.

(h) If a member of the commission who holds public office ceases to hold the public office that the member held when appointed to the commission, the member vacates the member's seat on the commission.

(i) The commission shall operate under the policies governing study committees adopted by the legislative council.

(j) An affirmative vote of a majority of the voting members appointed to the commission is required for the commission to take action on any measure, including final reports.

(k) The commission shall annually submit a final report to the legislative council of the commission's recommendations and findings not later than December 1. The report to the legislative council must be in an electronic format under IC 5-14-6.

(l) This SECTION expires December 1, 2005.

SECTION 41. [EFFECTIVE UPON PASSAGE] The general assembly finds that the city of Marion is subject to special circumstances that justify special legislation to allow the city of Marion to establish a tax area under IC 36-7-31.3-9, as amended by this act, before January 1, 2005.

SECTION 42. An emergency is declared for this act.

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Speaker of the House of Representatives

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President of the Senate

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President Pro Tempore

Approved: \_\_\_\_\_

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Governor of the State of Indiana

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